



**Department of Defense**  
**Office of the Under Secretary of Defense (Comptroller)**

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# **Financial Management**

## **Priority, Capabilities, and Initiatives**

**June, 2005**

# **Agenda**

- DoD Business Enterprise
- FM Business Enterprise Priorities
- Core Business Capabilities
- Desired Business-Based Outcomes
- DoD Enterprise (FM) Initiatives
  - Standard Financial Information Structure
  - Business Enterprise Information Services (BEIS)
  - Defense Cash Accountability System
  - Intergovernmental Transactions
  - Program/Budget Framework
- Next Steps

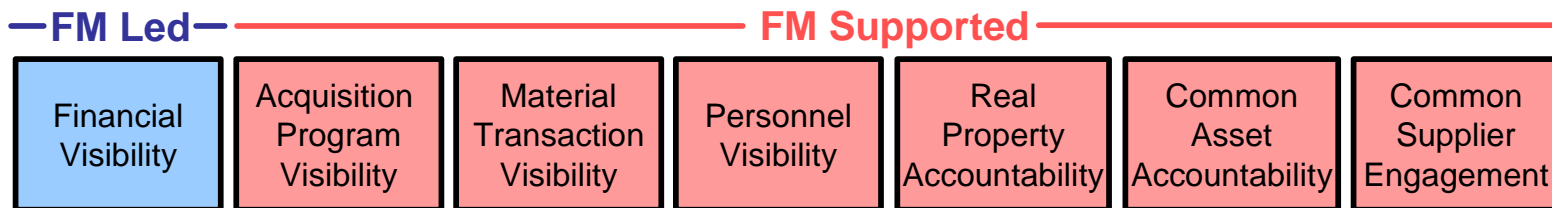
# The DoD Business Enterprise

DOD Business Enterprise	Common Capabilities, Data Standards, Rules and Enterprise-wide Systems					
	⇕	⇕	Required Integration			⇕
Component Business Enterprises	ARMY	NAVY/MC	Air Force	DLA	TRANSCOM	O t h e r s
	Army Enterprise Architecture	Navy/MC Enterprise Architecture	Air Force Enterprise Architecture	DLA Enterprise Architecture	US TransCom Enterprise Architecture	
	Alignment to DOD Enterprise	Alignment to DOD Enterprise	Alignment to DOD Enterprise	Alignment to DOD Enterprise	Alignment to DOD Enterprise	
	Portfolio Mgt	Portfolio Mgt	Portfolio Mgt	Portfolio Mgt	Portfolio Mgt	
	AT&L, Fin, P&R, NII	AT&L, Fin, P&R, NII	AT&L, Fin, P&R, NII	AT&L, Fin, P&R, NII	AT&L, Fin, P&R, NII	

BMMP is now focused on defining & implementing the DOD Business Enterprise, and facilitating instead of hindering service transformation efforts.

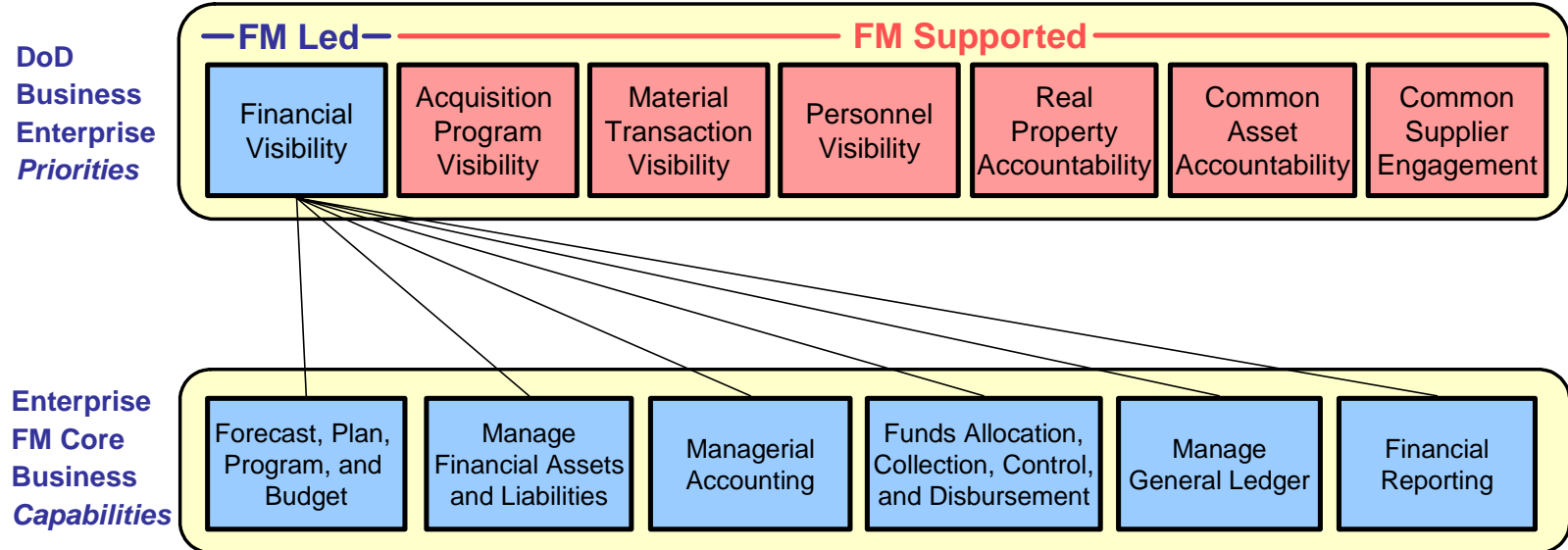
# FM Business Enterprise Priority

DoD  
Business  
Enterprise  
Priorities



- Financial Visibility is defined as:
  - Having immediate access to accurate and reliable financial information (planning, programming, budgeting, accounting, and cost information) in support of financial accountability and efficient and effective decision-making throughout the Department in support of the missions of the Warfighter.
- The core set of objectives associated with enhancing this business priority are:
  - The creation of transparent financial data throughout the enterprise
  - The enhancement and expanded use of a solution to access authoritative data sources for timely analysis (enterprise-level business intelligence)
  - Enabling the linkage for resources to business outcomes
  - The elimination of existing financial management weaknesses and deficiencies
- Among the means by which these objectives will be achieved are:
  - The establishment of authoritative financial data sources
  - The reduction of data sources and feeds
  - The creation and phased implementation of a common financial language

# Enterprise Priorities and Enabling Capabilities



**Forecast, Plan, Program and Budget** The ability to develop, review, evaluate and support financial forecasts, plans, programs and budgets and to integrate them with appropriate performance indicators to achieve effective business operations and program goals.

**Manage Financial Assets and Liabilities** The ability to identify, classify, value and manage financial (fiscal) assets to include accounts receivable and liabilities to include accounts payable from acquisition or inception to disposal or liquidation.

**Managerial Accounting** The ability to accumulate, classify, measure, analyze, interpret and report cost and other financial information useful to internal and external decision makers reviewing the execution of an organization's program or project resources to ensure they are effectively being used to meet objectives.

## **Funds Allocation, Collection, Disbursement and Control**

The ability to control and distribute funds based on appropriation and authorization laws; monitor such funds against available balances for purpose, time and amount; collect funds; issue and track disbursements; and monitor cash position.

**Manage General Ledger** The ability to record proprietary and budgetary general ledger (GL) transactions in accordance with FASAB standards, GAAP and regulatory requirements; to define the use of, and rules to, control GL accounts; and to conduct GL analyses and reconciliations.

**Financial Reporting** The ability to provide relevant financial visibility and real-time information dashboards for DoD decision-makers and to summarize financial information for the purpose of producing mandatory reports in compliance with regulatory requirements and discretionary reports in support of other requirements.

# **Current Planned Business-Based Targets in Support of Capabilities**

<b>Capability</b>	<b>6-Month Business Targets</b>	<b>12-Month Business Targets</b>
<b>Forecast, Plan, Program, and Budget</b>	<ul style="list-style-type: none"> <li>Establish initial set of standards-based coding requirements for identifying, capturing, and integrating planning, programming, and budgeting with execution financial information</li> </ul>	<ul style="list-style-type: none"> <li>Begin integrating planning and programming with budgeting on an initial limited scale to yield the ability to provide consolidated information analytics throughout the PPB life cycle</li> <li>Expand on the set of PPBE standards-based coding requirements identified during the initial definition phase</li> </ul>
<b>Manage Financial Assets and Liabilities</b>	<ul style="list-style-type: none"> <li>Identify the enterprise-wide process and information requirements to support the ability to perform intragovernmental eliminations in a timely and accurate way, thereby also enhancing the DoD's ability to effectively manage receivables, payables, and revenue</li> <li>Identify standards for enterprise-wide financial asset and liability types</li> </ul>	<ul style="list-style-type: none"> <li>Initiate the phased implementation of a solution that supports the requirements needed to appropriately manage intragovernmental transactions</li> <li>Begin to provide enterprise-wide standard reporting for financial asset and liability types for internal and external reporting</li> </ul>
<b>Managerial Accounting</b>	<ul style="list-style-type: none"> <li>Identify the specific requirements for managerial/cost accounting in terms of what kind of business information needs to be captured and how they should be made available to management</li> <li>Complete standard data element definitions to support managerial/cost accounting</li> <li>Identify enterprise business operations to be enhanced by cost accounting standards</li> </ul>	<ul style="list-style-type: none"> <li>Begin to propagate managerial accounting data elements within enterprise financial systems</li> <li>Enhance operational cost accounting activities based on the propagation of these standardized data requirements</li> </ul>

# Current Planned Business-Based Targets in Support of Capabilities

Capability	6-Month Business Targets	12-Month Business Targets
<b>Funds Allocation, Collection, Disbursement and Control</b>	<ul style="list-style-type: none"> <li>Streamline the business processes associated with the distribution of funds to provide enhanced visibility into undistributed transactions</li> </ul>	<ul style="list-style-type: none"> <li>Enable enterprise-wide cash accountability from a single source to increase efficiency and auditability</li> <li>Enhance ability to efficiently and effectively reconcile Fund Balance with Treasury</li> </ul>
<b>Manage General Ledger</b>	<ul style="list-style-type: none"> <li>Establish corporate-wide, USSGL-based general ledger</li> <li>Create standards-based postings to corporate general ledger for an initial, small set of Components</li> </ul>	<ul style="list-style-type: none"> <li>Significantly increase the number of DoD entities for which transaction-level financial information is provided to corporate, and, in turn, enables standards-based posting within the corporate general ledger</li> </ul>
<b>Financial Reporting</b>	<ul style="list-style-type: none"> <li>Enhance corporate internal and external reporting capabilities by implementing financial management data standards to a minimum of 3 new entities, focusing initially on those data elements that are necessary for posting to the USSGL</li> <li>Identify, document, and prioritize financial reporting needs of OSD-level decision-makers and begin to develop plans to meet such requirements,</li> <li>Begin to provide a single source of authoritative enterprise-wide data that provides access to summary information, as well as drill-down into transaction level detail for at least 3 entities</li> </ul>	<ul style="list-style-type: none"> <li>Incorporate those financial management data standard elements that have been defined (beyond those that are needed for posting to USSGL) into corporate reporting structure</li> <li>Expand usage of corporate reporting structure by a minimum of 5 additional entities</li> <li>Incrementally meet decision-maker reporting requirements, with a particular focus on those entities that require data standardization and consolidation across the Components in order to achieve Financial Visibility (including OSD level)</li> <li>Expand external reporting via single, standardized authoritative data source for all entities that provide transaction level detail to corporate environment</li> </ul>

# **DoD Enterprise Initiatives in Support of Financial Management Capability Enhancement**

- Standard Financial Information Structure (SFIS)
- Business Enterprise Information Services (BEIS)  
(formerly, DCD/DCW and DDRS)
- Defense Cash Accountability System (DCAS)
- Intragovernmental Transactions (IGT)
- Program Budget Framework (P/B Framework)





# Initiative: *Standard Financial Information Structure Deployment*

**Description and Objective:** The Standard Financial Information Structure (SFIS) is a comprehensive data structure that supports requirements for budgeting, financial accounting, cost/performance management, and external reporting across the DoD enterprise. SFIS provides an enterprise-wide standard for categorizing financial information along several dimensions to support financial management and reporting functions. The focus for Phase I deployment of SFIS is in support of the generation of DoD financial statements.

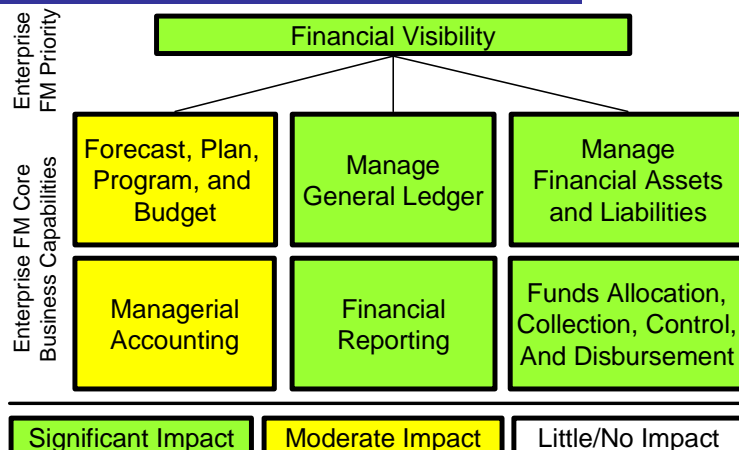
## Approach:

- Complete the definition of the 60 Phase I data elements, all of which support the generation of financial statements
- Define specific approach for Category A, B, and C targets for the deployment of the Phase I data elements (see Deployment Categories)
- Provide leadership from FMTT for each Category to prioritize deployment and to assist Components in their adoption of the standards
- Develop processes for the evolution of SFIS, including the introduction of new elements

## Deployment Categories:

- **Category 'A':** Deployed environments that merit investment to update systems to support SFIS
- **Category 'B':** Legacy environments in which direct investment is not recommended; rather, an interim approach for these systems (which includes mapping and cross walks) is preferred
- **Category 'C':** Emerging environments, including new ERP systems, that will receive detailed guidance and support for deployment of the SFIS elements in these new solutions

## Impacted Core FM Capabilities:



## Benefits:

- Standardizes financial reporting data across DoD
- Enables decision-makers to efficiently compare similar programs and activities across DoD
- Provides decision-makers the level of detail they require for information retrieval and auditability
- Improves the efficiency of maintaining business systems, thereby reducing costly maintenance and translation of non-standard data
- Links program execution to performance, budgetary resources, and actual financial information



# Initiative: *Business Enterprise Information Services*

**Description and Objective:** The Business Enterprise Information Services (BEIS) program will build upon existing infrastructure to provide timely, accurate, and reliable business information from across the Department of Defense to support auditable financial statements as well as provide detailed financial information visibility for management in support of the Warfighter.

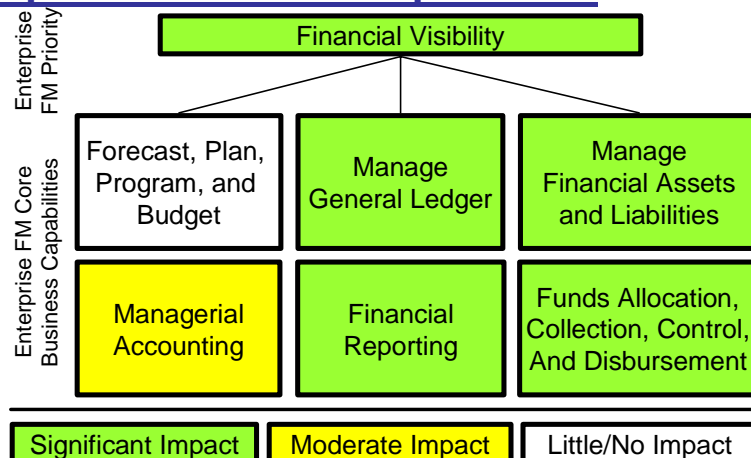
## Approach:

- Leverage existing infrastructure that currently provides the desired capability but does so only on a limited scale (primarily SOCOM)
- This infrastructure includes DCD/DCW, DDRS, and the existing financial systems from across the Department.
- Identify initial targets for rapid deployment, such as supporting the Marine Corps' auditability efforts, as well as the expansion of the SOCOM capability to include SFIS compliance
- Additional targets will be prioritized for subsequent deployment

## Impacted Systems and Data Flows:

- BEIS will expand on existing DCD functionality to interface, standardize, and share data between F&A/FM systems in an SFIS-compliant format.
- This central repository of transaction-level data will then feed DCW, which will provide a single point for enterprise-wide financial management reporting and information analysis.
- The DDRS tool will be incorporated into this single solution, which will summarize transaction level information from DCW to produce DoD financial statements and mandatory budgetary reports.

## Impacted Core FM Capabilities:



## Benefits:

- Single source for enterprise-wide financial visibility yields significantly greater access to timely, accurate, and reliable financial information
- All accounting entries are auditable to source systems and data (audit trails are built-in)
- All transactions are standardized using SFIS for consistency and compliance with the USSGL
- Solution will automatically produce a single trial balance per organization from transaction-level data
- All budget and execution reports and financial statements will be produced from the same trial balance, eliminating the possibility of discrepancies



# Initiative: *Defense Cash Accountability System*

**Description and Objective:** The Defense Cash Accountability System (DCAS) will consolidate disbursements and collections information from a number of disparate systems from across the DoD into a single, enterprise-wide system that provides standardized Treasury reporting and enhanced data integrity.

## Approach:

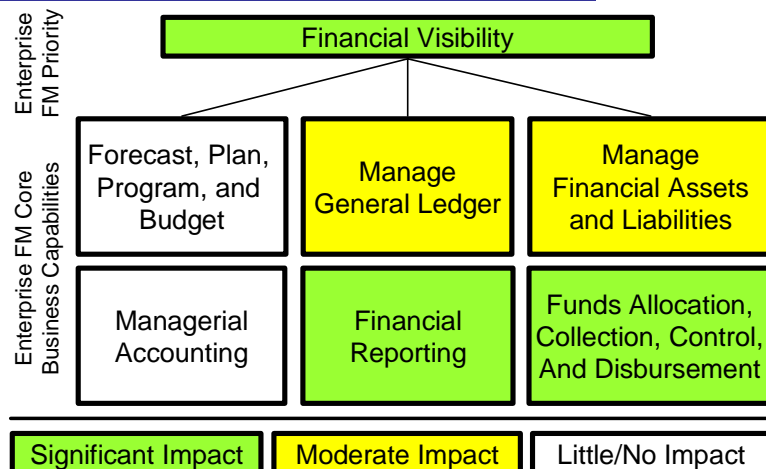
- The DCAS deployment is grouped in phases based on location & functionality (\* = Phase completed):

Phase	Scope	Locations	Replaces
1*	Electronic distribution of cross-disbursement transactions	Multiple	
2*	Treasury reporting	Cleveland Kansas City	CERPS, UDL, DUNES, DIE, IFCDRS
3	Financial Reporting System (FRS) elimination; improved distribution	Cleveland Kansas City	FRS, CMET
4	Treasury reporting	Indianapolis Columbus	HQARS (partial)
5	Treasury reporting	Denver	MAFR, DCMS (both partial)
6	Misc. cash system replacements and Treasury reconciliation	Multiple	Numerous

## Products Produced:

- With the enterprise-wide deployment of DCAS, the Department will be able to migrate from producing a number of Treasury-mandated reports via numerous disparate systems to a single technical environment
- The specific reports that will be produced on an enterprise-wide basis out of DCAS includes:
  - Consolidated Statement of Accountability
  - Statement of Transactions
  - Statement of Interfund Transactions
  - Statement of Differences
  - International Balance of Payments (IBOP) Report

## Impacted Core FM Capabilities:



## Benefits:

- Standardizes the Treasury reporting process
- Enables automated Treasury trial balance comparison
- Yields enhanced timeliness and integrity of data
- Eliminates numerous cash accountability and Treasury reporting systems that exist today throughout the Department
- Captures and summarizes cash transactions for reporting and reconciliation
- Provides the detail-level data necessary to support a clean audit opinion



# Initiative: *Intragovernmental Transactions: Visibility & Eliminations*

**Description and Objective:** The Intragovernmental Transactions (IGT) initiative addresses one of the DoD's material weaknesses (financial eliminations) by way of standardized, consolidated, and integrated processes and system components, as well as provides significantly enhanced visibility into both the buying and selling elements of intragovernmental transactions both within the DoD and across the Federal Government.

## Approach:

- Acknowledge change in approach from short-term, date-driven approach to holistic, end-to-end solution
- New approach requires significant participation from both FM and AT&L to address entire end-to-end process
- Adopt common processes and standard data for use in all intragovernmental activity within DoD
- Suggest phased approach, in collaboration with AT&L, as follows:

### Phase I:

- Define problem scope and stratifications of intragovernmental transactions
- Obtain concurrence across mission areas on processes, business rules & data elements
- Confirm system gap analysis work to date in support of future transition planning
- Define end-to-end process for IGT
- Issue policy letter to establish validated process

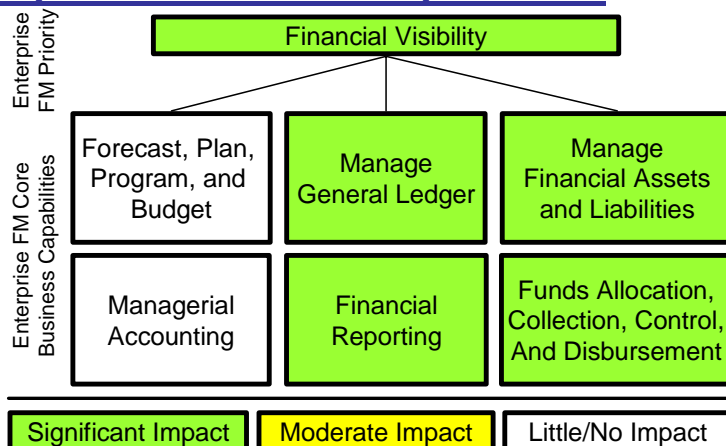
### Phase II:

- Define detailed requirements for IGT program/process for exchange transactions
- Conduct "fast track" analysis of alternatives
- Stand up additional teams, as necessary
- Identify funding needs, sources

### Phase III:

- Implement preferred alternative identified in Phase II
- Conduct first eliminations and spend analysis with captured data
- Submit process for enterprise audit

## Impacted Core FM Capabilities:



## Benefits:

- Provides a centralized capability to render elimination entries for all DoD (addresses a material weakness)
- Provides a standard, DoD-wide capability for creating and routing: requisitions, purchase orders, billing, payments, and collections associated with IGT
- Standardized and centralized capability will provide enhanced visibility to the IGT lifecycle (i.e., requisition, fulfillment, billing, receipt, payment, and collection), thereby yielding more timely and reliable information for decision-makers



## Initiative: *Program / Budget Framework*

**Description and Objective:** The Program/Budget (P/B) Framework provides a foundation for a new program and budget data structure utilizing a common language that enables senior level DoD decision makers to weigh options versus resource constraints across a spectrum of challenges. The P/B Framework consists of a number of related data transparency initiatives that span across all portions of the PPBE process.

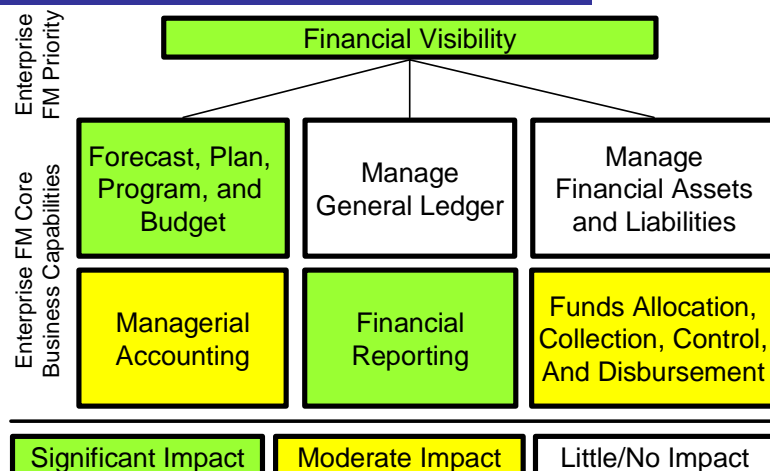
### Approach:

- Create enterprise definitions for the four risk quadrants, their categories, sub-categories, elements and sub-elements
- Using Component data structures, determine lowest level of data structure in order to correctly assign resources to the aforementioned definitions
- Create enterprise understanding of Component data structures by using dimensional modeling techniques
- Provide enterprise definitions, business rules, and data structures to Components for inclusion in system upgrades and new procurements

### Deployment:

- Stand up P/B Framework in Defense Acquisition University (DAU) lab environment
- Map SFIS into P/B Framework
- Develop a structure that supports the use of native Service/Agency data through Common Information Model (CIM)
- Define authoritative data sources to support net-centric data strategy and data transparency
- Implement proposed structure in POM/BES FY08-13

### Impacted Core FM Capabilities:



### Benefits:

- Facilitates resource tradeoff decisions by presenting issues in a tangible manner
- Establishes ability to view programs and resources based on the DoD risk management framework
- Enforces “commonality of language”
- Improved data structure allows for the use of modern technology to make information quickly and easily accessible
- Allows for improvements in program element structure and other resource data elements

## **Next Steps**

- For the enterprise level initiatives in support of the FM business capabilities and enterprise priority:
  - Define 6-month and 12-month deliverables for each initiative
  - Define metrics to be used to evaluate each initiative
  - Define deployment organization model (including relationship with other Business Missions, the Components, and DFAS for execution)
    - Includes detailed roles and responsibilities and governance plan
  - Begin deployment activities in the June-July timeframe